



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

WENDY L. WATANABE
CHIEF DEPUTY

October 12, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **WEST SAN GABRIEL VALLEY CONSORTIUM dba CAREER
PARTNERS – ROSEMEAD CONTRACT – A DEPARTMENT OF
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT
ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of West San Gabriel Valley Consortium dba Career Partners – Rosemead (Rosemead or Agency), a Department of Community and Senior Services (DCSS) Workforce Investment Act (WIA) Program provider.

Background

DCSS contracts with Rosemead, a private non-profit organization to provide and operate the WIA Adult, Dislocated Worker, Rapid Response and Youth Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The WIA Rapid Response Program provides assistance to companies that are facing a reduction in their workforce and assists the soon-to-be dislocated workers cope with career transitions by providing orientation seminars, workshops and materials. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. Rosemead's offices are located in the First and Fifth Districts.

"To Enrich Lives Through Effective and Caring Service"

Rosemead is compensated on a cost reimbursement basis. Rosemead's contract was for \$2,923,102 for Fiscal Year 2006-07.

Purpose/Methodology

The purpose of the review was to determine whether Rosemead complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

All the participants sampled met the eligibility requirements for the WIA Programs. However, Rosemead purchased \$53,091 in equipment in April, May and June 2006 without prior written approval from DCSS. The County contract indicates that purchases of equipment must be completed prior to the last three months of the contract period and exceptions to this restriction require prior written approval from DCSS.

Rosemead also did not always comply with WIA guidelines. For example, Rosemead did not:

- Accurately report the participants' program activities in the Job Training Automation system for 20 (67%) of the 30 participants.
- Discuss the Individual Service Strategy Plans with two (20%) of the ten youth participants sampled on a monthly basis.
- Obtain a criminal clearance for one (20%) of the five employees sampled.

Details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with Rosemead on August 7, 2007. In their attached response, Rosemead generally agreed with the recommendations except for the recommendation that Rosemead obtain a criminal clearance for all employees. Rosemead indicated that DCSS personnel informed them that criminal record clearances were not required if Rosemead showed due diligence in their attempt to comply with the Standard Terms and Conditions of the County contract.

The County contract indicates that "the contractor agrees, as permitted by law, to ascertain arrest and conviction records for all current and prospective employees,

independent contractors, volunteers or subcontractors who may come in contact with people in the course of their work, volunteer activity or performance of the subcontract and shall maintain such records on the file of each such person.” In addition, for the safety of the County’s youth, criminal clearances should be required for all employees without exception.

DCSS management indicated that Rosemead misunderstood their staff and criminal clearances should be obtained for all Agency employees. In addition, DCSS management is currently in the process of reviewing this requirement with County Counsel.

The Agency also included an updated inventory listing in their response to our review. However, due to the number of pages, we did not include the inventory listing in their attached response.

We will follow-up our recommendations during next year’s monitoring review. We thank Rosemead for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Robert Rizzo, Chairman, Executive Board, West San Gabriel Valley Consortium
dba Career Partners – Rosemead
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
WEST SAN GABRIEL VALLEY CONSORTIUM
dba CAREER PARTNERS – ROSEMEAD
FISCAL YEAR 2006-07**

ELIGIBILITY

Objective

Determine whether West San Gabriel Valley Consortium dba Career Partners – Rosemead (Rosemead or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We judgmentally sampled 30 (7%) participants (10 adults, 10 dislocated workers and 10 youths) from a total of 402 participants that received services between July 2006 and January 2007 and reviewed their case files for documentation to confirm their eligibility for WIA services.

Results

All 30 adult, dislocated workers and youth participants met the eligibility requirements for the WIA Programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 30 (7%) program participants that received services during July 2006 through January 2007. We also interviewed eight adult and dislocated worker participants and three youth participants/guardians.

Results

Adult and Dislocated Worker Programs

The eight participants interviewed stated that the services received met their expectations. However, Rosemead did not complete the Individual Employment Plans (IEP) for one (5%) of the 20 adult and dislocated worker participants in accordance with WIA guidelines. Specifically, Rosemead did not indicate the justification for supportive services on the IEP as required by WIA guidelines. The IEP is an on-going plan jointly developed by the participant and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals. The prior year's monitoring report also noted that Rosemead did not complete the IEPs in accordance with WIA guidelines.

Rosemead also did not report 16 (80%) of the 20 Adult and Dislocated Worker participants' program activities in the Job Training Automation (JTA) system as required. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. The prior year's monitoring report also noted that Rosemead did not report the participants' program activities into the JTA system.

Youth Program

The three participants/guardians interviewed stated that the services the participants received met their expectations. However, Rosemead did not always comply with WIA guidelines. Specifically:

- Rosemead did not discuss the Individual Service Strategy (ISS) Plans with two (20%) of the ten youth participants on a monthly basis. This issue was noted in the prior year's monitoring report.
- Rosemead did not report the participants' program activities, such as supportive services provided or exits, into the JTA system for four (40%) of the ten youth participants sampled. The prior year's monitoring report also noted that Rosemead did not report the participants' program activities into the JTA system.

Recommendations

Rosemead management:

- 1. Ensure that staff complete the IEP for adult and dislocated worker participants.**
- 2. Ensure that staff accurately update the JTA system to reflect the participants' program activities within 30 days as required.**

- 3. Ensure that staff discuss the ISS Plans with the participants on a monthly basis.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's December 2006 bank reconciliation.

Results

Rosemead maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and other documentation to support 188 non-payroll expenditure transactions billed by the Agency for August, October, and November 2006, totaling \$137,353.

Results

Rosemead's expenditures were allowable, accurately billed to DCSS and supported by documentation as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Rosemead maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Rosemead's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We conducted a physical inventory of 13 (24%) of the 55 items funded by the WIA programs, totaling \$69,117.

Results

Rosemead used the equipment purchased with WIA funding for the WIA program. However, Rosemead did not maintain an updated inventory list. Specifically, Rosemead's inventory list did not accurately reflect the property assignment for three (23%) of the 13 items sampled. According to Agency personnel, the inventory is updated after the annual physical inventory is performed and not when the property has been reassigned to a different location or custodian.

Subsequent to our review, Rosemead updated the inventory listing to accurately reflect property assignments.

Recommendation

- 4. Rosemead management needs to update the inventory list regularly to reflect current property assignments.**

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced and agreed payroll expenditures for 23 employees in November 2006 totaling \$71,494 to the payroll records and time reports. We also interviewed one employee and reviewed the personnel files for five employees assigned to the WIA program.

Results

Rosemead appropriately charged payroll expenditures to the WIA programs. However, Rosemead did not conduct a criminal record check for one (20%) of the five employees. The prior year's monitoring report also noted that Rosemead did not conduct a criminal record check on employees as required by the County contract.

Recommendation

- 5. Rosemead management obtain a criminal clearance for all employees.**

COST ALLOCATION PLAN

Objective

Determine whether Rosemead's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed Rosemead's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during August, October and November 2006 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Rosemead's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoice reconciled to the Agency's financial accounting records.

Verification

We traced and agreed the Agency's FY 2005-06 general ledger to the Agency's final close-out invoices. The close-out invoices summarizes the total program expenditures for the fiscal year. We also reviewed a sample of expenditures incurred in April, May and June 2006.

Results

Rosemead purchased \$53,091 in equipment in April, May and June 2006 without prior written approval from DCSS. The County contract indicates that purchases of equipment or property must be completed prior to the last three months of the contract period and exceptions to this restriction require prior written approval from DCSS. In addition, Rosemead did not maintain documentation to support the expenditures for \$2,314 of the \$53,091 in unauthorized equipment purchases.

Subsequent to our review, Rosemead provided documentation to support the expenditures and a copy of the request submitted to DCSS on July 30, 2007, to obtain approval of the equipment purchases made in the fourth quarter of FY 2005-06. As of August 31, 2007, Rosemead has not obtained retroactive approval from DCSS.

Recommendations

Rosemead management:

- 6. Rosemead management follow-up with DCSS to obtain approval for the FY 2005-06 fourth quarter purchases or repay DCSS \$53,091.**
- 7. Ensure that adequate documentation is maintained to support the expenditures.**

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2005-06 monitoring review were implemented. The report was issued in November 2006.

Results

The prior year's monitoring report contained eight recommendations. Rosemead implemented four recommendations. As previously indicated, the findings related to Recommendations 1, 2, 3 and 5 contained in this report were also noted during our prior monitoring review. Rosemead management indicated that the outstanding recommendations will be implemented in FY 2007-08.

Recommendation

- 8. Rosemead management implement the outstanding recommendations from the FY 2005-06 monitoring report.**

Career Partners

West San Gabriel Valley Consortium
dba Career Partners
www.careerpartners.org

September 12, 2007

WorkSource
SOLUTIONS

J. Tyler McCauley, Auditor-Controller
Los Angeles County
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Unit #51
Alhambra, CA 91803

Re: 2006-2007 Fiscal and Administrative contract review of West San Gabriel Valley Consortium dba Career Partners- (Rosemead) Workforce Investment Act (WIA) Programs provider. By Countywide Contract Monitoring Division

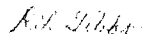
Dear Mr. McCauley:

We are submitting a reply to the draft monitoring report received by e-mail on August 31, 2007. West San Gabriel Valley Consortium dba Career Partners has reviewed the findings, which are identified in the report, and we will initiate procedures to make the necessary adjustments.

The enclosed documents illustrate the corrective actions we have taken in response to the findings.

If you have any questions or need additional clarification, please call Raymond L. Gibbs at 626-569-1100 or Lina Hsiung at 626-569-1102

Sincerely,



Raymond L. Gibbs
Executive Director

cc: Jackie Sakane @ Community and Senior Services County of Los Angeles

Career Partners

www.careerpartners.org



Attachment
Page 1 of 1

September 11, 2007

Yoon Bae, 2006
Senior Accountant Audit
Department of Auditor Controller

Recommendations: – Rosemead

1. Ensure that staff completes the I.E.P. for the adult and dislocated workers participants.

*Management will ensure that all I.E.P.'s are completed as required.
Management will ensure that files are reviewed on a timely manner and all documents are in file and updated.*

2. Ensure that staff accurately updates the J.T.A. system to reflect the participant's program activities within 30 days as required.

Management will ensure that staff completes M.I.S. paperwork and updates J.T.A. system to reflect program activities in a timely manner as required.

3. Ensure that staff discusses the I.S.S. plans with the participants on a monthly basis.

Management will ensure that staff discuss and document I.S.S. plans on a monthly basis

Sincerely,

A handwritten signature in cursive script, appearing to read "Myrna Blanco".

Myrna Blanco
Career Services Manager
Rosemead Adult, Dislocated and Youth Programs
Work Source California Career Partners

Cc: MB/mb 9/11/2007 12:06 PM

West San Gabriel Valley Consortium

MEMORANDUM

DATE: September 10, 2007
TO: Raymond L. Gibbs, Executive Director
FROM: *W* Elaine Tsui, Human Resources & Facilities Director
SUBJECT: Submitted Response to Auditor-Controller's Finding on Item #5 (Payroll and Personnel) of Draft Report, Subject West San Gabriel Valley Consortium dba Career Partners - Rosemead Contract - Workforce Investment Act Programs (Fiscal Year 2006-07)

In conjunction with the Auditor-Controller's review of our agency's Workforce Investment Act Programs for Fiscal Year 2006-07, specifically in the area of Payroll and Personnel. Our agency has diligently conducted criminal background checks on all of its employees, in addition to a search of the sex offender registry for all youth program employees. However, one individual employee declined to sign a background check consent form, despite of reassurance to that individual staff member that no other background investigation was solicited from the investigating firm. As a result, staff has made the following effort to remedy the finding:

1. Review Contract provisions governing Criminal Clearances. Under the Contract Standard Terms and Conditions, the following provision is noted within the Contracts:

"At any time prior to or during term of this Contract, the County may require that all CONTRACTOR's staff performing work under this Contract undergo and pass, to the satisfaction of COUNTY, a background investigation, as a condition of beginning and continuing to work under this Contract. COUNTY shall use its discretion..."

2. Sought out recommendation from the Lead Auditor, Ms. Yoon Bae, from the Office of Auditor-Controller, although Ms. Bae maintained that any recommendation shall originate from L.A. County.
3. Sought our recommendation from the County's Contract Compliance Management Division (CCMD) through Jenifer Valdez. On September 10, 2007, Ms Valdez relayed CCMD's conclusion as follows:

"Since [the Los Angeles County's CCMD has no] existing policy on this matter, for now, given the existing language in the Contract which states "may" instead of "must," so long as [Career Partners] can show due diligence in [its] attempt to comply with the Standard Terms & Conditions of the Contract, it should be sufficient for the Auditor Controller, and any follow up questions will be addressed accordingly."

September 12, 2007

To: Yoon Bae, CPA
Senior Accountant-Auditor
Department of Auditor- Controller

West San Gabriel Valley Consortium-Rosemead

Recommendation- Page 5:

Rosemead management needs to update the inventory list regularly to reflect current property assignments.

Attachment 1

Career Partners processes an updated inventory list annually for both location Rosemead and El Month site, attached is current list.

Recommendation Page 7:

Rosemead management follow-up with DCSS to obtain approval for the FY 2005-2006 fourth quarter purchases or repay DCSS \$53,091.

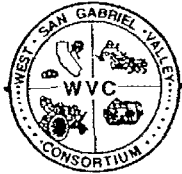
Attachment 2

A letter dated July 30, 2007 was sent to Ms. Carol Domingo to wavier of purchasing items in the fourth quarter for the amount of \$53,091.

Recommendation Page 7:

Ensure that adequate documentation is maintained to support the expenditures.

Rosemead will ensure the adequate documentations to support expenditures in the files.



West San Gabriel Valley Consortium

3505 North Hart Avenue
Rosemead, California 91770
Tel: (626) 572-7272 • Fax: (626) 569-1181

Alhambra • Alhambra School District • Bell • Montebello • Montebello Unified School District • Monterey Park • Rosemead • San Gabriel • Temple City • Vernon

July 30, 2007

Ms. Carol Domingo, Manager
Contracts Management Division
Department of Community and Senior Services
County of Los Angeles
3175 West Sixth Street
Los Angeles, California 90020

Dear Ms. Domingo:

Career Partners (CP), like other DCSS-funded service providers, has recently undergone an intensive monitoring review by the Auditor-Controller's Department. During their review of the 2005-06 program year the auditor discovered that, in the last quarter of the program year, CP had purchased equipment for use at its Rosemead and El Monte facilities without obtaining prior County (DCSS) approval. While this is unfortunately true it was not our intention to overlook the County's contractual requirements.

In their draft finding the auditor has suggested repayment to DCSS of the amount already expended by CP, even though the expenditures were legitimately used for the operation of our programs and the resulting benefits to our customers. We request, in the interest of fairness to both our customers and our WorkSource Center, that DCSS retroactively allow the expenditures which CP made in the final quarter of program year 2005-2006 and 2006-2007 (since the same error was unknowingly duplicated in the recently concluded 2006-2007 program year). Some considerations that justify retroactive approval are as follows:

1. Everything that was purchased was relevant, justified by need, appropriately procured and, in most cases, will be used in succeeding program years.
2. County approval would undoubtedly have been granted based upon past practice and the nature of the items purchased.
3. We know that CP is not the only WorkSource One-Stop Center that did not comply with the "no unapproved expenditure in the fourth quarter" contract requirement. Therefore, it would seem to be inappropriate to penalize agencies such as CP (which has been a reliable and effective service provider/partner of L.A. County since the mid 1970's) because of the oversight of a contract provision that is probably more applicable to small or unproven cbo's which may need to be scrutinized more carefully relative to their operational and administrative/budgetary protocols.
4. To require re-payment of clearly program-related expenditures would be tantamount to labeling their expense as "disallowed costs," whereas they are, in fact, the very kinds of costs which the County has, does, and will approve as long as there is a network of service providers delivering employment and training services under the Workforce Investment Act or programs that may follow WIA.

Ms. Carol Domingo
July 30, 2007
Page Two

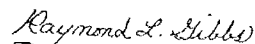
We believe the primary reason for a contract stipulation that requires no spending be done (without prior approval) during the last three months of a program year is because a national job program like CETA, JTPA, Welfare-to-Work, WIA, etc., may be closing down and it is understandably necessary for the funding provider to put a rein on contract expenditures during the last few months of the program's existence. Having said that, I must reiterate our regret at Career Partners' unintentional non-compliance with the contract stipulation mentioned herein.

In summary, we respectfully request your retroactive written approval of all expenditures which Career Partners made during the last quarter of program year 2005-06 and 2006-2007. To facilitate your approval we can submit (if necessary) a delineation of the items that were purchased during the last quarter of each of the program years, unless you would prefer to only deal with 2005-2006 now, and 2006-2007 when it is audited.

Please convey any needed clarification or determination to the undersigned in writing or telephone at 626-569-1100, or to our Controller, Lina Hsiung, at 626-569-1102 at your earliest opportunity, as we will be trying to resolve various draft findings with the auditor by the end of next week.

Thank you for your time and consideration of our request.

Sincerely,



Raymond L. Gibbs
Executive Director

c: Josie Marquez
Jackie Sakane
Lina Hsiung
File